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LA PUBLIC SERVICE COMMISSION

LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO. R-31106

LOUISIANA PUBLIC SERVICE COMMISSION, EX PARTE

In re: Rulemaking to study the possible development of financial incentives for the promotion of energy efficiency by jurisdictional electric and natural gas utilities

NOTICE OF COMPLETION OF STAFF'S LIMITED REVIEW AND ENERGY EFFICIENCY QUICK START PROGRAM IMPLEMENTATION DATE

PLEASE TAKE NOTICE that the Louisiana Public Service Commission Staff ("LPSC" or "Commission" "Staff") has completed its "limited review" of utility energy efficiency ("EE") plans pursuant to § VII of the Commission's EE Rules.[1] Staff has also approved, subject to the limitations stated herein, the formula developed by utilities for lost contribution to fixed cost ("LCFC"). Accordingly, Staff hereby provides notice of the new implementation start date of **November 1, 2014.**[2]

Staff previously filed comments in this docket on each utility's plan. Staff incorporates by reference and reiterates those comments herein. Utilities should file final plans and budgets consistent with Staff's previously filed comments as well as those stated herein. Staff does not intend to make additional findings or recommendations when final plans and budgets are filed. Rather, Staff reminds utilities that they will bear the burden of proving all costs recovered through the EE rate rider were prudent and eligible for recovery in accordance with EE rules at the time of the audit conducted pursuant to § VIII of the EE rules.

The following are some of the issues that have been addressed by Staff and which may warrant further consideration by the utilities:

1) EM&V – When Staff filed comments concerning each utilities' EE plans, Staff noted that the utilities indicated they were planning to develop more detailed EM&V procedure. In

[1] Attachment, General Order dated September 20, 2013
[2] This is a 1-month delay of the original October 1, 2014 implementation date found in § 9(5).

Staff

Cleco's case, for example, it said it would develop more detailed evaluation objectives, methods, and schedules once it retained the services of its Third Party Implementer and Third Party Evaluator. Cleco, as well as the other utilities have now filed more detailed information, and Staff issued a request for comments with a two week comment period. Staff will review all comments filed and expects the utilities will do as well. Consistent with the EE rules, Staff expects the utilities will use their discretion concerning recommendations provided.

2) Lost Contribution to Fixed Costs ("LCFC") – The utilities made a joint filing for a recovery mechanism for LCFC costs on July 14, 2014. Staff has reviewed the Companies' filing to ensure that the mechanism is reasonable and concludes that it is. Staff investigated two issues in particular. First, Staff ensured that only fixed cost recovery is included in the LCFC recovery mechanism, which appears to be the case. Staff also discussed this with each utility, and they each confirmed that they are in agreement that only lost revenues associated with fixed costs are to be recovered, and no recovery for fuel or energy related costs will occur. Second, Staff investigated if any adjustments for capacity savings should be made as an offset to the cost charged through the LCFC recovery mechanism. Staff emphasizes the importance of properly measuring both energy and capacity savings as part of the utilities' EM&V processes. After discussions with Cleco and Entergy, Staff is satisfied that there are already recovery mechanisms in place through the Company's formula rate plans to ensure that any capacity savings that occur will flow back to customers on a dollar for dollar basis. At this point, Staff believes that the LCFC mechanism is satisfactory, and Staff notes that it has not been made aware of concerns by any other parties.

3) TRC Requirement - Staff notes that § V of the EE rules requires a TRC ("Total Resource Cost") score greater than one, with the possible exception of market transformation programs.[3] Staff has reviewed the utilities' plans and found instances in which the utilities reported programs that have TRC values less than 1.0. Staff filed comments

[3] Up to 25% of a utility's budget may be spent on market transformation programs that have a TRC result of less than 1.0 to allow for programs that cause lasting structural or behavioral changes in the market resulting in increased adoption of energy efficient technologies, services and practices.

consistent with this finding and at this point the utilities should modify their plans as necessary to ensure they are in compliance with § V of the Commission's EE Rules.

Staff will continue to closely monitor the progress of the Quick Start process. Meanwhile, Staff reiterates to utilities the importance of utilizing best practices to ensure that maximum program benefits are achieved and that accurate capacity and energy savings are reported. Further, Staff reiterates that in order to eligible for recovery, costs shall be prudent and consistent with the EE rules.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was sent via email and/or U. S. Mail, to the docket number R-31106 service list this **October 9, 2014**.

Melanie A. Verzwyvelt